



## 98TH GENERAL ASSEMBLY

### State of Illinois

### 2013 and 2014

### HB2355

by Rep. Frank J. Mautino

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/500-10  
215 ILCS 5/500-100  
215 ILCS 5/500-108 new

Amends the Illinois Insurance Code. Sets forth a definition of "travel insurance". Makes a change in the provision concerning limited lines producer licenses. Provides that notwithstanding any other provision of law, a travel retailer may offer and disseminate travel insurance on behalf of and under a limited lines producer business entity license only if certain conditions are met. Provides that any travel retailer offering or disseminating travel insurance shall make available to prospective purchasers brochures or other written materials that contain certain information and explanations. Prohibits a travel retailer's employee or authorized representative who is not licensed as an insurance producer from certain actions. Provides that a travel retailer whose insurance-related activities, and those of its employees and authorized representatives, are limited to offering and disseminating travel insurance on behalf of and under the direction of a limited lines producer meeting certain conditions is authorized to do so and receive related compensation, upon registration by the limited lines producer. Provides that travel insurance may be provided under an individual policy or under a group or master policy. Provides that as the insurer designee, the limited lines producer is responsible for the acts of the travel retailer and shall use reasonable means to ensure compliance by the travel retailer with the provision concerning travel insurance limited line license for limited lines travel insurance producers.

LRB098 09200 RPM 39339 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by  
5 changing Sections 500-10 and 500-100 and by adding Section  
6 500-108 as follows:

7 (215 ILCS 5/500-10)

8 (Section scheduled to be repealed on January 1, 2017)

9 Sec. 500-10. Definitions. In addition to the definitions in  
10 Section 2 of the Code, the following definitions apply to this  
11 Article:

12 "Business entity" means a corporation, association,  
13 partnership, limited liability company, limited liability  
14 partnership, or other legal entity.

15 "Car rental limited line licensee" means a person  
16 authorized under the provisions of Section 500-105 to sell  
17 certain coverages relating to the rental of vehicles.

18 "Home state" means the District of Columbia and any state  
19 or territory of the United States in which an insurance  
20 producer maintains his or her principal place of residence or  
21 principal place of business and is licensed to act as an  
22 insurance producer.

23 "Insurance" means any of the lines of authority in Section

1 500-35, any health care plan under the Health Maintenance  
2 Organization Act, or any limited health care plan under the  
3 Limited Health Service Organization Act.

4 "Insurance producer" means a person required to be licensed  
5 under the laws of this State to sell, solicit, or negotiate  
6 insurance.

7 "Insurer" means a company as defined in subsection (e) of  
8 Section 2 of this Code, a health maintenance organization as  
9 defined in the Health Maintenance Organization Act, or a  
10 limited health service organization as defined in the Limited  
11 Health Service Organization Act.

12 "License" means a document issued by the Director  
13 authorizing an individual to act as an insurance producer for  
14 the lines of authority specified in the document or authorizing  
15 a business entity to act as an insurance producer. The license  
16 itself does not create any authority, actual, apparent, or  
17 inherent, in the holder to represent or commit an insurance  
18 carrier.

19 "Limited lines insurance" means those lines of insurance  
20 defined in Section 500-100 or any other line of insurance that  
21 the Director may deem it necessary to recognize for the  
22 purposes of complying with subsection (e) of Section 500-40.

23 "Limited lines producer" means a person authorized by the  
24 Director to sell, solicit, or negotiate limited lines  
25 insurance.

26 "Negotiate" means the act of conferring directly with or

1 offering advice directly to a purchaser or prospective  
2 purchaser of a particular contract of insurance concerning any  
3 of the substantive benefits, terms, or conditions of the  
4 contract, provided that the person engaged in that act either  
5 sells insurance or obtains insurance from insurers for  
6 purchasers.

7 "Person" means an individual or a business entity.

8 "Rental agreement" means a written agreement setting forth  
9 the terms and conditions governing the use of a vehicle  
10 provided by a rental company for rental or lease.

11 "Rental company" means a person, or a franchisee of the  
12 person, in the business of providing primarily private  
13 passenger vehicles to the public under a rental agreement for a  
14 period not to exceed 30 days.

15 "Rental period" means the term of the rental agreement.

16 "Renter" means a person obtaining the use of a vehicle from  
17 a rental company under the terms of a rental agreement for a  
18 period not to exceed 30 days.

19 "Self-service storage facility limited line licensee"  
20 means a person authorized under the provisions of Section  
21 500-107 to sell certain coverages relating to the rental of  
22 self-service storage facilities.

23 "Sell" means to exchange a contract of insurance by any  
24 means, for money or its equivalent, on behalf of an insurance  
25 company.

26 "Solicit" means attempting to sell insurance or asking or

1 urging a person to apply for a particular kind of insurance  
2 from a particular company.

3 "Terminate" means the cancellation of the relationship  
4 between an insurance producer and the insurer or the  
5 termination of a producer's authority to transact insurance.

6 "Travel insurance" means insurance coverage for personal  
7 risks incident to planned travel, including, but not limited to  
8 (1) interruption or cancellation of a trip or event, (2) loss  
9 of baggage or personal effects, (3) damages to accommodations  
10 or rental vehicles, or (4) sickness, accident, disability, or  
11 death occurring during travel. "Travel insurance" does not  
12 include major medical plans that provide comprehensive medical  
13 protection for travelers with trips lasting 6 months or longer,  
14 including those working overseas as an ex-patriot or as  
15 military personnel on deployment.

16 "Uniform Business Entity Application" means the current  
17 version of the National Association of Insurance  
18 Commissioners' Uniform Business Entity Application for  
19 nonresident business entities.

20 "Uniform Application" means the current version of the  
21 National Association of Insurance Commissioners' Uniform  
22 Application for nonresident producer licensing.

23 "Vehicle" or "rental vehicle" means a motor vehicle of (1)  
24 the private passenger type, including passenger vans, mini  
25 vans, and sport utility vehicles or (2) the cargo type,  
26 including cargo vans, pickup trucks, and trucks with a gross

1 vehicle weight of less than 26,000 pounds the operation of  
2 which does not require the operator to possess a commercial  
3 driver's license.

4 "Webinar" means an online educational presentation during  
5 which a live and participating instructor and participating  
6 viewers, whose attendance is periodically verified throughout  
7 the presentation, actively engage in discussion and in the  
8 submission and answering of questions.

9 (Source: P.A. 97-113, eff. 7-14-11.)

10 (215 ILCS 5/500-100)

11 (Section scheduled to be repealed on January 1, 2017)

12 Sec. 500-100. Limited lines producer license.

13 (a) An individual who is at least 18 years of age and whom  
14 the Director considers to be competent, trustworthy, and of  
15 good business reputation may obtain a limited lines producer  
16 license for one or more of the following classes:

17 (1) travel insurance as defined in Section 500-10 of  
18 this Article ~~on baggage or limited travel health, accident,~~  
19 ~~or trip cancellation insurance sold in connection with~~  
20 ~~transportation provided by a common carrier;~~

21 (2) industrial life insurance, as defined in Section  
22 228 of this Code;

23 (3) industrial accident and health insurance, as  
24 defined in Section 368 of this Code;

25 (4) insurance issued by a company organized under the

1 Farm Mutual Insurance Company Act of 1986;

2 (5) legal expense insurance;

3 (6) enrollment of recipients of public aid or medicare  
4 in a health maintenance organization;

5 (7) a limited health care plan issued by an  
6 organization having a certificate of authority under the  
7 Limited Health Service Organization Act.

8 (b) The application for a limited lines producer license  
9 must be submitted on a form prescribed by the Director by a  
10 designee of the insurance company, health maintenance  
11 organization, or limited health service organization  
12 appointing the limited insurance representative. The insurance  
13 company, health maintenance organization, or limited health  
14 service organization must pay the fee required by Section  
15 500-135.

16 (c) A limited lines producer may represent more than one  
17 insurance company, health maintenance organization, or limited  
18 health service organization.

19 (d) An applicant who has met the requirements of this  
20 Section shall be issued a perpetual limited lines producer  
21 license.

22 (e) A limited lines producer license shall remain in effect  
23 as long as the appointing insurance company pays the respective  
24 fee required by Section 500-135 prior to January 1 of each  
25 year, unless the license is revoked or suspended pursuant to  
26 Section 500-70. Failure of the insurance company to pay the

1 license fee or to submit the required documents shall cause  
2 immediate termination of the limited line insurance producer  
3 license with respect to which the failure occurs.

4 (f) A limited lines producer license may be terminated by  
5 the insurance company or the licensee.

6 (g) A person whom the Director considers to be competent,  
7 trustworthy, and of good business reputation may be issued a  
8 car rental limited line license. A car rental limited line  
9 license for a rental company shall remain in effect as long as  
10 the car rental limited line licensee pays the respective fee  
11 required by Section 500-135 prior to the next fee date unless  
12 the car rental license is revoked or suspended pursuant to  
13 Section 500-70. Failure of the car rental limited line licensee  
14 to pay the license fee or to submit the required documents  
15 shall cause immediate suspension of the car rental limited line  
16 license. A car rental limited line license for rental companies  
17 may be voluntarily terminated by the car rental limited line  
18 licensee. The license fee shall not be refunded upon  
19 termination of the car rental limited line license by the car  
20 rental limited line licensee.

21 (h) A limited lines producer issued a license pursuant to  
22 this Section is not subject to the requirements of Section  
23 500-30.

24 (i) A limited lines producer license must contain the name,  
25 address and personal identification number of the licensee, the  
26 date the license was issued, general conditions relative to the



1 license's expiration or termination, and any other information  
2 the Director considers proper. A limited line producer license,  
3 if applicable, must also contain the name and address of the  
4 appointing insurance company.

5 (Source: P.A. 92-386, eff. 1-1-02.)

6 (215 ILCS 5/500-108 new)

7 Sec. 500-108. Travel insurance limited line license for  
8 limited lines travel insurance producers.

9 (a) As used in this Section:

10 "Limited lines travel insurance producer" means:

11 (1) a licensed managing general underwriter;

12 (2) a licensed managing general agent or third  
13 party administrator; or

14 (3) a licensed insurance producer or limited line  
15 producer designated by an insurer as the travel  
16 insurance supervising entity as set forth in  
17 subsection (g) of this Section.

18 "Offer and disseminate" means providing general  
19 information, including a description of the coverage and  
20 price, as well as processing the application, collecting  
21 premiums, and performing other non-licensable activities  
22 permitted by the State.

23 "Travel retailer" means a business entity that makes,  
24 arranges, or offers travel services and may offer and  
25 disseminate travel insurance as a service to its customers

1 on behalf of and under the direction of a limited lines  
2 travel insurance producer.

3 (b) Notwithstanding any other provision of law, a travel  
4 retailer may offer and disseminate travel insurance on behalf  
5 of and under the direction of a limited lines producer business  
6 entity license only if all of the following conditions are met:

7 (1) The limited lines producer or travel retailer  
8 provides to purchasers of travel insurance the following:

9 (A) a description of the material terms or the  
10 actual material terms of the insurance coverage;

11 (B) a description of the process for filing a  
12 claim;

13 (C) a description of the review or cancellation  
14 process for the travel insurance policy; and

15 (D) the identity and contact information of the  
16 insurer and limited lines producer.

17 (2) At the time of licensure, the limited lines  
18 producer establishes and maintains a register on a form  
19 prescribed by the Director of each travel retailer that  
20 offers travel insurance on the limited lines producer's  
21 behalf. The register shall be maintained and updated  
22 annually by the limited lines producer and shall include  
23 the name, address, and contact information of the travel  
24 retailer and an officer or person who directs or controls  
25 the travel retailer's operations and the travel retailer's  
26 federal tax identification number. The limited lines

1 producer shall submit the register to the Department of  
2 Insurance upon reasonable request. The limited lines  
3 producer shall also certify that the travel retailer  
4 registered complies with Section 1033 of Title 18 of the  
5 United States Code.

6 (3) The limited lines producer designates one of its  
7 employees as a licensed individual producer (designated  
8 responsible producer or DRP) responsible for the limited  
9 lines producer's compliance with the travel insurance  
10 laws, rules, and regulations of this State.

11 (4) The DRP, president, secretary, treasurer, and any  
12 other officer or person who directs or controls the limited  
13 lines producer's insurance operations comply with the  
14 fingerprinting requirements applicable to insurance  
15 producers in the resident state of the limited lines  
16 producer.

17 (5) The limited lines producer has paid all applicable  
18 insurance producer licensing fees as set forth in  
19 applicable State law.

20 (6) The limited lines producer requires each employee  
21 and authorized representative of the travel retailer whose  
22 duties include offering and disseminating travel insurance  
23 to receive a program of instruction or training, which may  
24 be subject to review by the Director. The training material  
25 shall, at a minimum, contain instructions on the types of  
26 insurance offered, ethical sales practices, and required

1 disclosures to prospective customers.

2 (c) Any travel retailer offering or disseminating travel  
3 insurance shall make available to prospective purchasers  
4 brochures or other written materials that:

5 (1) provide the identity and contact information of the  
6 insurer and the limited lines producer;

7 (2) explain that the purchase of travel insurance is  
8 not required in order to purchase any other product or  
9 service from the travel retailer; and

10 (3) explain that an unlicensed travel retailer is  
11 permitted to provide general information about the  
12 insurance offered by the travel retailer, including a  
13 description of the coverage and price, but is not qualified  
14 or authorized to answer technical questions about the terms  
15 and conditions of the insurance offered by the travel  
16 retailer or to evaluate the adequacy of the customer's  
17 existing insurance coverage.

18 (d) A travel retailer's employee or authorized  
19 representative who is not licensed as an insurance producer may  
20 not:

21 (1) evaluate or interpret the technical terms,  
22 benefits, and conditions of the offered travel insurance  
23 coverage;

24 (2) evaluate or provide advice concerning a  
25 prospective purchaser's existing insurance coverage; or

26 (3) hold himself, herself, or itself out as a licensed

1 insurer, licensed producer, or insurance expert.

2 (e) A travel retailer whose insurance-related activities,  
3 and those of its employees and authorized representatives, are  
4 limited to offering and disseminating travel insurance on  
5 behalf of and under the direction of a limited lines producer  
6 meeting the conditions stated in this Section, is authorized to  
7 do so and receive related compensation, upon registration by  
8 the limited lines producer as described in item (2) of  
9 subsection (b) of this Section.

10 (f) Travel insurance may be provided under an individual  
11 policy or under a group or master policy.

12 (g) As the insurer designee, the limited lines producer is  
13 responsible for the acts of the travel retailer and shall use  
14 reasonable means to ensure compliance by the travel retailer  
15 with this Section.